

Location:	Council Chamber, Tom Davies Square
Commencement:	4:08 PM
Adjournment:	5:12 PM

Minutes

**For the 56th Finance Committee Meeting held
Monday, June 28, 2010**

Chair

COUNCILLOR TED CALLAGHAN, IN THE CHAIR

Present

Councillors Berthiaume; Dupuis; Craig; Caldarelli; Gasparini, Landry-Altmann (A4:30pm) Mayor Rodriguez

City Officials

Doug Nadorozny, Chief Administrative Officer; Greg Clausen, General Manager of Infrastructure Services; Catherine Matheson, General Manager of Community Development; Bill Lautenbach, General Manager of Growth & Development; Eliza Bennett, Acting Executive Director, Administrative Services; Lorella Hayes, Chief Financial Officer/Treasurer; Kevin Fowke, Director of Human Resources & Organizational Development; Kevin Shaw, Director of Engineering Services; Robert Falcioni, Director of Roads & Transportation; Chantal Mathieu, Manager of Environmental Services; Paddy Buchanan, Manager of Accounting; Ed Stankiewicz, Manager of Financial Planning & Policy; Lorraine Larose, Manager of Financial Support & Budget; Dion Dumontelle, Co-ordinator of Accounting; Apryl Lukezcic, Co-ordinator of Capital; Wendi Mannerow, Water/Wastewater Engineer; Brian Bigger, Auditor General; Angie Haché, City Clerk; Poppy Pelletier, Audio-Visual Operator; Franca Bortolussi, Council Secretary

Others

Wayne McDonald, KPMG; Oscar Poloni, KPMG; Sandra Moskal of KPMG

News Media

Northern Life

Declarations of Pecuniary Interest

None declared.

2009 Audit Findings

The Chair asked Wayne McDonald of KPMG to make a brief statement regarding the audit findings report.

Wayne McDonald advised that the Audit Findings Report was presented to the Audit Committee on June 24, 2010. He stated that the Financial Statements are the responsibility of the City and their responsibility as External Auditors is to audit them in accordance with professional standards. They are of the opinion that the Financial Statements for the year ended December 31, 2009 are in accordance with accounting principles and free of material errors.

Presentations

- 1 . Report dated June 24, 2010 was received from the Chief Financial Officer/Treasurer regarding 2009 Annual Financial Statements.

Consolidated Financial Statements of the City of Greater Sudbury, year ended December 31, 2009 and Financial Statements of the City of Greater Sudbury Trust funds, year ended December 31, 2009 were distributed to Committee Members under separate cover.

Lorella Hayes, Chief Financial Officer/Treasurer provided an electronic presentation entitled *Consolidated Municipal Financial Information - December 31, 2009*. She advised that the financial statements include the consolidated financial information of all the entities controlled or owned by the City being:

- Greater Sudbury Housing Corporation;
- Metro Centre Management Board;
- Flour Mill Business Improvement Area;
- Library Board;
- Greater Sudbury Police Services Board.

She advised that there are three government business enterprises which are controlled by the City and accounted for in the financial statements using the "Equity Method" and are included in the Statement of Operations. The following are the three government business enterprises:

- Greater Sudbury Utilities Inc. – Net Income \$961,959;
- Sudbury Airport CDC – Net Income \$503,777;
- Sudbury CDC – Net Income – NIL.

She outlined the consolidated financial position for financial assets, financial liabilities, non-financial assets and the accumulated surplus of the City being \$1,399 M. She reviewed the schedule of revenues totalling \$569.2 M, an increase of \$35 M from 2008, and the schedules of expenditures by function and by object totalling \$525.9 M, an increase of \$20 M from 2008 resulting in an excess of revenues over expenditures of \$43.3 M. She outlined the statement of changes in net assets.

She outlined the reserve and reserve fund continuity showing a balance of \$81.7 M at December 31, 2009 and listed the program specific budget variances of \$4.1 M. She explained the trends in reserve and reserve funds since 2002 stating that, although there is a significant improvement, it is still below the BMA study median of 37.4% at 15.4%. She also explained the long term debt trends since 2002 stating that the majority of the debt is self-supported.

The following recommendation was presented:

2010-08 Craig-Dupuis: THAT the Finance Committee adopt the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2009 as recommended by the Audit Committee.

CARRIED

- 2 . Paddy Buchanan, Manager of Accounting, made an electronic presentation regarding Tangible Capital Assets. She advised that tangible capital assets are non financial assets having physical substance that are owned and used by the City in the course of its everyday operations, have useful economic lives extending beyond one year, are to be used on a continuous basis and are not held for sale in the ordinary course of operations. She explained capital asset thresholds and gave examples of City owned tangible capital assets including buildings, vehicles, equipment, land and land improvements and linear assets. She also explained municipal accounting for tangible capital assets before and after the Public Sector Accounting Board's pronouncement PSAB 3150 which came into effect with the issue of the City's financial statements for the year ended December 31, 2009. She outlined the estimated useful life of various capital assets. She indicated that PSAB 3150 was achieved by developing an inventory, determining the date of acquisition to properly amortize assets and determining their value. She provided a schedule of capital tangible assets having a total historical cost of \$2.246 B, an accumulated amortization of \$1,015 B and a net book value of \$1,231 B. She advised the City had capital asset additions of \$124 M in 2009 and gave examples of asset additions. She indicated that the historical cost of assets the City has been acquiring since the early 1900s is \$2.2 B and the estimated replacement value is \$6 B. She concluded by stating that the next steps are to maintain and refine the capital asset inventory, develop business processes, use information for capital budgets, lifecycle costing and long term capital planning, develop a permanent, integrated systems solution, make the database information available to operating departments and develop a comprehensive asset management program.

Correspondence for Information Only

- 3 . Report dated June 24, 2010 was received from the Chief Financial Officer/Treasurer regarding 2009 Committed Capital Year-End Position for information only.
- 4 . Report dated June 24, 2010 was received from the Chief Financial Officer/Treasurer regarding 2009 Reserves and Reserve Funds Balances for information only.
- 5 . Report dated June 24, 2010 was received from the Executive Director, Administrative Services regarding Newspaper Subscriptions for information only.

Adjournment

2010-09 Craig-Dupuis: THAT this meeting does now adjourn. Time: 5:12 p.m.

CARRIED

Councillor Ted Callaghan, Chair

Angie Haché, City Clerk